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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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1. [] the principal aim of the Second PZPR Congress which, according to Trybuna Ludu, was held in Warsaw between 10 and 17 March 1954 was to accelerate the communization of Poland. This is of great importance to the USSR in view of securing a reliable, strategic "foreground" and in preparing Poland for later incorporation as one of the Soviet republics. 25X1
2. For this reason it was decided to push collectivization of farms in order to destroy "the last class enemy". It should be pointed out that the official resolutions adopted at the Congress with respect to this decision did not openly admit the necessity of forcing collectivization despite the fact that all efforts were aimed in this direction. Since collectivization would permit the drawing of a large number of peasants from the villages to industry where the lack of manpower is already acute, [] forcing its acceptance at this time was in preparation for the next five-year plan which will start in 1956. The new economic plan will undoubtedly call for even greater industrialization than the present one, especially with respect to steel, coal, electric power, cement, and machine tools which are most urgently needed by the USSR. And, in addition to completely controlling the peasants, collectivization will liberate the regime from the constant fear of a fluctuating food market. 25X1
3. The choice of delegates to the PZPR Congress from the USSR and neighboring republics was significant. By its selection the USSR let it be distinctly understood that the eastern frontier of Poland was unchangeable. The omission of any reference to the western frontier by KHRUSHCHEV in his speech might be construed as meaning that the USSR considers that certain future adjustments

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25 YEAR RE-REVIEW

CONFIDENTIAL

- 2 -

25X1

will be made in favor of East Germany or that certain areas such as Szczecin and the Oder River will be internationalized for the use of all Satellite countries. This would bind the Satellites more closely together and would have practically no effect on the USSR.

4. It was officially admitted at the Congress, for the first time, that the Party is superior to the government. Since the USSR controls all Satellite countries through the intermediary of the Communist Party, the Polish Government was, by resolution of the Congress, officially subordinated to the PZPR and the "faithful" BIERUT appointed secretary of the Party. At the same time, MIKHAYLOV was appointed USSR ambassador to Poland (and true ruler of that country) by the Kremlin to keep an eye on BIERUT. The assignment to the post of ambassador of MIKHAYLOV, the former First Secretary of the Communist Party of the Moscow region, may be regarded as proof that Moscow realizes how unpopular collectivization is in Poland and the resistance which can be expected from the Polish peasants. This was evidenced in the past by the GOMULKA case and the crisis in the PZPR which arose as a result. The appointment of MIKHAYLOV underlines the importance of Poland to the USSR in a future war with the West.
5. The fact that Poland has no precision instrument and auxiliary industry hinders the development of new industries and also, to a large extent, the exploitation of existing ones. It was brought out at the Congress that without the development of such industry no technical progress was possible and that preparation for the next five-year plan would be very difficult. MINC admitted, for the first time officially, that Poland was unable to produce certain machinery. He stressed the necessity of economic cooperation with other Satellite countries, especially in regard to that equipment which it would be uneconomical to produce in Poland.
6. According to the resolutions of the Congress, investments should be maintained at the level established in the present Six-Year Plan while at the same time the production of consumers' goods should be increased. Despite the fact that the resolutions stipulated that the increase in goods was for all the Polish people, its real purpose is quite different. This increased production of commodities is designed principally for the rural market for the purpose of more easily extracting more produce from the peasants. Specifically, the decision to increase the production of agricultural machines was ordered with but one purpose in mind - collectivization. These tactics are obviously of a temporary character and will end when collectivization is completed. Present conditions permit no improvement in the quality of goods and it is clear that commodities from increased production slated for the Poles will only constitute what is left over from investments, as has been the case up to now.
7. The following slogan was published with respect to the economic plan: "We will increase commodities for the people and raise wages". At the same time, a savings campaign was launched which included a reduction of administrative personnel. These tactics were obviously a stratagem devised to delude the people and push them to further effort, for it is well-known that Poland's economy is organized on a low level and defies existing economic laws. Therefore, the planned increase in consumers' goods can only cause a fear of inflation of money already of low value.

CONFIDENTIAL

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25X1

- 3 -

8. Plans in the resolutions called for the transfer of a number of workers from the investment to the production line to more easily realize the objective. This transfer also applied to materials, the scarcity of which has been increasingly felt since 1949, and will force the use of substitute materials for which Polish industry is not prepared. A certain hope is placed on geological research which the Congress stipulated should be conducted with greater zeal than formerly. It is obvious [] that the regime will continue exploiting most uneconomically. An example of this is the mining of copper ore despite the enormous costs of exploitation which are far above the value of the ore. 25X1
9. The adjustment of the economic plan is probably linked with the aim of strengthening the armaments industry by the additional supply of manpower on one hand, and by the development of the precision instrument and auxiliary industry on the other. It is probable that a large percentage of the planned production will be supplied to the armaments industry, especially tools and measuring and control instruments. It is also probable that the next Polish five-year plan (1956-60) will be, as to time and scope, synchronized with the plans of the USSR and the Satellites.
10. What will be the results of the plan adopted at the Congress for 1955? It is certain that the political plan will be executed in its entirety. [] estimate that about 50% of the farms will be collectivized. The number of Party instructors for implementing collectivization will be greatly increased. The resistance of the peasants will be broken and this time many of those who oppose collectivization will be sent to forced labor camps. Those who remain on the farms will request collectivization from a fear of repression and of being labeled as "enemies of the people". The farmers will also be forced to collectivization by fixed, high, and unrealistic quotas for delivery of agricultural products and by deprivation of help in labor and machinery if they do not comply. [] a certain amount of independence may be retained by peasants in hilly and mountainous areas where farming with machinery is difficult. As a result of all this, the agricultural situation in Poland will probably be in 1955 on a par with that of the USSR in 1929. It will not become better; it will become worse. 25X1
11. One can assume that the villages will receive a greater number of tractors, agricultural machines, and other goods than was foreseen in the Six-Year Plan. As a result, hundreds of thousands of peasants will be shifted to industry, principally for construction and earthwork. The quantity of food to be sent to Russia and the Satellites will depend entirely on Soviet directives. Consumers' goods for the Poles will be only that which is left and will be insufficient to satisfy the needs of the population. Their quality will, at best, remain as it is. The quantity will probably increase. However the goods which require more precise production will be on a very low level and part of the production will be for propaganda purposes only. In addition to the facts cited, the lack of experience and the lack of machinery and equipment, especially of measuring instruments, will impede the development of production already difficult. This has been evidenced in the USSR and the Satellites.
12. It should be emphasized that it will be necessary to take much of the machinery and equipment now in use out of operation because of overuse and abuse. This applies especially to all kinds of machine tools which are already in very bad shape. The correctness of this statement will be proved if Western exports to Poland are stopped. Such an embargo is of fundamental importance.

CONFIDENTIAL

CONFIDENTIAL

- 4 -

25X1

13. It is obvious that the standard of living will not be raised in Poland -- it will become worse. It is well-known that most Poles earn too little to cover the cost of living and that each person tries to supplement his income by taking an additional job or by private work in his free time, which is to some extent illegal. [] the possibilities of supplementing one's income will be stopped by the regime, especially for the intelligentsia. Instead, increased efforts will be demanded of everybody together with additional political pressure and terror. 25X1
14. It was officially announced by MINC that severe punishment awaited anyone who in any way obstructed the realization of the economic plans. [] estimate that about 20% of the Party members will be expelled from the Party and will be replaced by members of the ZMP (Polish Youth Organization). About 30% of the Party professionals who occupy leading positions will be shifted because of insufficient pressure exerted by them in carrying out the resolutions voted by the last Congress. At least 50% of those occupying high administrative positions, especially in the State Commission of Economic Planning, the ministries and the central administrations of the various industries, will be discharged. An even higher percentage can be foreseen for those occupying top positions in factories. The dismissals will result principally from the impossibility of executing planned production or its development because of the lack of machinery and materials. The inability to realize the plans will be regarded as sabotage or as opposition to the resolutions adopted during the last Congress. The factory administrators will also be held responsible for the low morale of the workers. Similar results will occur in the investment line plans, which will be carried out in an even poorer way than now. These poor results will stem from a lack of materials and from inaccurate production on the part of the laborers who will try to increase their earnings by fast work. 25X1
15. [] the housing problem will not be solved as expected because the new houses will be assigned to the mass of workers who will come from the farms. 25X1
16. [] observation of the following organizations will bear out the conclusions [] drawn in connection with the resolutions adopted at the Second Congress of the PZPR: 25X1
- a. PZPR: personnel changes in all Party organizations within the PZPR, from the highest authorities to the voivodship committee level, may be expected. The composition of the Political Bureau of the Central Committee of the PZPR, announced at the Congress, is very strong and ensures full dictatorship under the supervision of Ambassador MIKHAYLOV. The Council of Ministers and the State Council are the executive bodies of the Political Bureau.
 - b. The State Commission for Economic Planning: there will be personnel and organizational changes on the department level and on the army team.
 - c. The Ministry of the Machine Industry: it is probable that large organizational and personnel changes will take place in this ministry.

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- 5 -

25X1

- d. **The Ministry of Electric Power:** the real changes in economic planning in every section of industry will be first visible in the diagrams of the distribution of electric power, especially by the changes in supply to the armaments industry.

It is possible that the announced reduction of administrative personnel in government offices and factories is also aimed at strengthening the armed forces. For this reason the distribution of manpower in this direction and the building up of labor camps may also be anticipated. In general, one could say that there will be no sphere of life in Poland which will not be affected by the resolutions of the last PZPR Congress.

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